

6 DEC 1974

MEMORANDUM FOR: Chief, Personnel and Training Staff, OL
Chief, Procurement Management Staff, OL
Chief, Security Staff, OL
Chief, Logistics Services Division, OL
Chief, Printing Services Division, OL
Chief, Procurement Division, OL
Chief, Real Estate and Construction Division, OL
Chief, Supply Division, OL

SUBJECT : Material for Presentation At the Winter Conference
of Deputy Directors

REFERENCE : Multiple Adse Memo dtd 4 Nov 74 fr DD/A, subject:
Reduction of Daily Operating Costs

1. The Deputy Director for Administration (DD/A) has requested that we provide him with information which he wishes to present at the winter DCI conference with Deputy Directors. Each of you has already been involved in, or at least been aware of, our efforts in the areas of cost reductions, anti-inflation measures, and the development of costs of services which we perform for other components. These are three of the topics which the DD/A will address at the conference.

2. Costing information has been received from some of you as a result of your reporting on that management objective, and we shall have further and separate discussions regarding those costing systems. Others have contributed data, on an ad hoc basis, in connection with our cost reduction and anti-inflation programs. The referent memorandum suggests some of the ways that costs can be reduced. There are probably additional things being done, planned, or suggested by your branches and sections which have not been reported formally but which are directed toward the reduction of operating costs and the conservation of inflated and scarce commodities. For that reason, and to facilitate the collection of information for the DD/A, you are requested to prepare, in the following format, an up-to-date summary of your successes or failures in implementing not only those suggested methods but any which you have developed yourselves.

OL 4 5864

SUBJECT: Material for Presentation At the Winter Conference
of Deputy Directors

Anti-inflation Measures

Paper conservation
(reuse of file folders,
envelopes, etc.).

Cost Reduction Measures

Non-replacement of certain
stock items for which there
are similar styles and/or a
wide selection of colors.

Reduction in distribution
of copies of correspondence.

Problems and/or Suggested
Improvements

Not observed or accepted
Agency-wide. Needs discipline
from top management on down.

Customer resistance ^{to} ~~of~~ sub-
stitutions. Hold the line
and enforce discipline.

Carefully select distribution
to those with a known interest
or need to know.

The sample measures and remarks above are illustrative only. You are encouraged to list and comment on all of the measures you are taking in the areas of cost reduction and conservation--even those which you might not consider to be of great significance. In addition, and where it is possible to do so, quantify the savings realized through your implementation of the suggested savings measures listed in paragraph 3 of the referent memorandum.

3. Your summaries should be submitted to the Plans and Programs Staff, OL, by close of business on 13 December 1974.

/s/ Michael J. Malanick

Michael J. Malanick
Director of Logistics

cc: EO/OL

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(2 Dec 74)

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74-4291
4 NOV 1974

MEMORANDUM FOR: Director of Communications
Director of Finance
Director of Joint Computer Support
Director of Logistics
Director of Medical Services
Director of Personnel
Director of Security
Director of Training

SUBJECT : Reduction of Daily Operating Costs

1. In the Director's August Financial Guidance memorandum, this Directorate was given the task of instituting a multi-faceted program to help fight inflation and reduce daily operating costs within the DD/A and also on an Agency-wide basis. While the "double digit" inflation rate which has plagued us this year is expected to slow some in 1975, prices are still expected to rise at a high rate -- we will continue to pay more just to maintain the status quo.

2. In the last year we have taken several steps to reduce costs while at the same time maintaining acceptable levels of service in the Agency. Some of these reductions have come about as a result of GSA campaigns; others we have instituted on our own. They include a reduction of resource related items (less heat and air conditioning, encouraging carpools), a campaign to conserve paper (Freddie Frugal), displays and posters identifying supply item costs, and elimination of items of supply which had slow-moving volume, had cheaper substitutes, or could be limited in colors and style to reduce usage (yellow unlined pads at \$1.17 ea versus white unlined pads at \$.25 ea., for example). Future plans include testing of a plastic envelope which can be reused 15-25 times and establishment of stricter criteria for approval of copying machines.

3. What is needed now is a re-examination of our efforts to determine if we have truly covered all the bases. I believe there is the potential for real additional savings. What is needed first and foremost is encouragement and participation on the part of each

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and every manager. How else are employees supposed to get the message that we are involved in more than paying lip service to this task? As a beginning, I am suggesting that we re-examine our management practices to encourage, by direction and example, changes in day-to-day activity which will lead to operating savings. Some items which come to mind immediately are:

- a. use speed letters for intra-office correspondence;
- ★ b. encourage and accept pen and ink changes for minor errors on correspondence;
- c. limit attachments on multi-addressee correspondence to only those who need the attachment;
- d. identify and take steps to stop receipt of excess copies of correspondence and reports;
- e. substitute cross reference log sheets in subject files in lieu of creating and filing extra copies of correspondence and reports;
- f. require more quantitative comments about cost consciousness on fitness reports to emphasize management concern;
- g. arrange for periodic briefings at staff meetings by members of ISAS and the Office of Logistics on high-cost supplies and services and alternatives available.

★ 4. If we are to reduce operating costs, it is essential that it be dealt with as a command responsibility. I believe that there are many areas of potential day-to-day savings other than those I have suggested above. Each component should develop an operating cost savings program and monitor the results. To evaluate the effectiveness of our efforts, each Office should be prepared to report on its program at the January financial meeting and periodically thereafter.

/s/John E. Blake

John F. Blake
Deputy Director
for
Administration

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12 JUN 1975

MEMORANDUM FOR: Chief, Personnel and Training Staff, OL
Chief, Procurement Management Staff, OL
Chief, Security Staff, OL
Chief, Logistics Services Division, OL
Chief, Printing and Photography Division, OL
Chief, Procurement Division, OL
Chief, Real Estate and Construction Division, OL
Chief, Supply Division, OL

SUBJECT : Fighting Inflation and Reducing Daily Operating Costs

REFERENCES : (a) Multiple Adse Memo dtd 6 Dec 74 fr D/L, subj:
Material for Presentation at the Winter Conference
of Deputy Directors

(b) Multiple Adse Memo dtd 28 Feb 75 fr DCI, same subj

1. Reference (a) requested you to list and comment on all of the measures you are taking in the areas of cost reduction and inflation fighting. Mr. Colby, in reference (b), requested that he be advised quarterly of the results of our efforts in this program so that he can prepare a quantified report to the President.

2. By close of business 30 June, please forward your April through June quarterly report to Plans and Programs Staff in the format suggested in reference (a). The key word, of course, is "quantified." Wherever it is possible to do so, dollar savings resulting from your anti-inflation and cost-reduction measures should be stated so that we can make a meaningful contribution to Mr. Colby's report to the President. Items included in your previous submissions, as well as any new measures which you have adopted, should be reported upon.

/s/ Michael J. Malanick

Michael J. Malanick
Director of Logistics

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